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C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 000831

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STATE FOR EB, NEA, AND L
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TAGS: [KBCT](#) [ABLD](#) [PHUM](#) [PINR](#) [ETRD](#) [ETTC](#) [PREL](#) [BA](#) [REGION](#)
ECTRD, POL
SUBJECT: BAHRAIN: IMPLEMENTATION OF BOYCOTT STATUTES

REF: A. STATE 66895
[1](#)B. MANAMA 362

Classified By: Ambassador William T. Monroe, reasons 1.4 (b) and (d)

SUMMARY

[1](#)1. (U) The Government of Bahrain does not require participation in or cooperation with the Arab League Boycott (ALB), nor does it request that U.S. firms comply with boycott requirements. Post is unaware of any ALB compliance on the part of the Embassy's suppliers, vendors, and service suppliers. Although the boycott law of 1963 remains on the books, Bahrain ceased to observe the secondary and tertiary aspects in 1994. The sole vehicle for enforcement of the primary aspect, the boycott office, was closed in September [1](#)2005. Random residual contractual boycott enforcement requests are typically remedied quickly. Post recommends that Bahrain be removed from any and all USG lists regarding secondary and tertiary boycotts. End Summary.

COMMITMENT TO WTO REAFFIRMED

[1](#)2. (SBU) Bahrain eliminated all aspects of the secondary and tertiary boycotts in 1994, following the GCC's announced policy of non-adherence to those aspects. There has been a tremendous reduction in the number of Bahraini uses of boycott language in business documents over the past decade (Ref. B). Outdated tender documents in Bahrain still occasionally refer to the secondary and tertiary aspects of the boycott, but such instances have typically been remedied quickly.

[1](#)3. (SBU) Minister of Finance Shaikh Ahmed bin Mohammed Al Khalifa September 5, 2005 sent a letter to USTR Portman reaffirming that the secondary and tertiary boycotts of Israel have been abolished. He also sent a memorandum to all government ministries reminding them of that fact and instructing them to ensure that tender offers and government contracts did not refer to the boycott. (Note: There were nine prohibited boycott requests in 2005. In view of the aforementioned circumstances, Post takes the view that these requests were random residual occurrences and not a matter of policy or practice. End Note.)

[1](#)4. (SBU) Shaikh Ahmed's letter noted that "Bahrain recognizes the need to dismantle the primary boycott of Israel and is beginning efforts to achieve that goal." The letter also

stated that "As founding members of the World Trade Organization (WTO), the Kingdom of Bahrain is fully committed to complying with WTO requirements. Bahrain has no restrictions whatsoever on American companies trading with Bahrain, regardless of its ownership or relations with Israeli companies."

BOYCOTT OFFICE CLOSED

15. (SBU) Shaikh Ahmed sent a second letter to USTR Portman September 17, 2005, informing him that "the Boycott of Israel Office in the Kingdom of Bahrain is now closed." Although the primary boycott law continues to exist in Bahrain, closure of the boycott office (the only entity responsible for enforcing the boycott) has been widely acknowledged as tantamount to lifting the primary boycott. (Note: Israeli-labeled products are reported to be found occasionally in the Bahraini market. End Note.) Bahrain does not require that U.S. firms provide information regarding ALB compliance.

REGIONAL ALB COOPERATION CURTAILED

16. (C) Bahrain did not attend the November 2005 Arab League Boycott meeting in Damascus. MFA Director for Bilateral Affairs Dhafer Al Umran told Pol/Econ Chief March 11 that the Organization of the Islamic Conference (OIC) had invited Bahrain to its meeting on the boycott, but when Bahrain declined to attend, the OIC rescinded its invitation, saying Bahrain should not have been invited because it has no Israel

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boycott office and so has no reason to be at the meeting.

RECENT COMPLIANCE TEAM VISIT

17. (SBU) A Commerce Department anti-boycott compliance team visited Bahrain February 14-15 and met with government officials and business people concerning the boycott of Israel (Ref. B). Finance Ministry Director of Economic Planning Yusuf Humood confirmed that the GOB had closed the Israel boycott office in 2005 and that enforcement of the primary boycott in Bahrain was not possible. This move was in keeping with the long term policy of removing the direct presence of the government from the economy. Ministry of Commerce trade official Eman Al Dossary said that Bahrain was fully committed to its WTO obligations, including permitting trade with all other WTO members (read Israel).

18. (SBU) The team also spoke with representatives of Parsons and Black and Veatch, two American companies with a presence in Bahrain. The Parsons executive said that his insistence a few years ago on removing any boycott language from government contracts may have contributed to his lack of winning new business for a period. For the past 18 months, however, he has won several contracts and government officials have responded favorably to any requests to alter language in contracts.

COMMENT

19. (C) Given that the GOB clearly does not follow a policy or practice of requiring contracts to include boycott language, Post recommends that Bahrain be removed from any USG lists regarding secondary and tertiary boycotts. Post is unaware of any ALB compliance on the part of the Embassy's suppliers, venders, and service suppliers.

